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Secretary Butz in the USSR
Spain's Agriculture

FOREIGN
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This week's cover:

Wine grapes are unloaded in reception pits at an agricultural cooperative in the Valdepeñas wine region of Spain. Cooperatives are only one facet of Spain's effort to modernize its agriculture. For the complete story, see the stories beginning on pages 6 and 7.

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Prospects for Tobacco United States and

By HUGH C. KIGER

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U.S. tobacco and tobacco products may again be shipped to Mainland China—once a major market for U.S. leaf—following President Nixon's decision last June 10 which ended a 21-year embargo on trade between the two countries. Tobacco was one of the products approved for trade which now require only an open general export license.

Many U.S. tobacco men wonder if China could resume its importance as a market for U.S. leaf: Just over four decades ago, that country was the second largest importer of U.S. leaf tobacco, taking an annual average of 135 million pounds from 1928 to 1931.

Trade was reduced during the late thirties, to about 50 million to 60 million pounds annually, as Chinese cigarette factories replaced U.S. leaf with cheaper, domestically-produced tobacco. The price differential was aggravated by import duties and taxes. During the 1937-38 season, the average price for Chinese flue-cured leaf for factory-made cigarettes was about 8.5 cents per pound, compared with 16 cents for U.S. flue-cured.

Trade continued to decline during the forties, when U.S. leaf exports to China averaged about 23 million pounds annually, and tobacco products averaged less than 500,000 pounds annually except in 1946 when they reached 4.4 million pounds and 1947 when they totaled 2.4 million. All U.S.-Mainland China trade was embargoed in 1950.

China's tobacco industry has grown in the past two decades. It is now the

Trade Between the Mainland China

world's second largest producer of tobacco, exceeded only by the United States.

Total production has risen from an annual average of 1.3 billion pounds in the late thirties to an estimated 1.75 billion pounds in 1971.

Flue-cured leaf is by far the most important type of tobacco produced in China. Production began in 1916 from seed and culture methods introduced from the United States and reached 200 million pounds in the late thirties; it currently is estimated at about 1.0 billion pounds—just short of the 1971 U.S. production of nearly 1.08 billion pounds.

The relative importance of flue-cured leaf in China's tobacco production can be seen by comparing production in 1937 and 1971. In 1937, when total tobacco production was 1.3 billion pounds, flue-cured leaf accounted for only 13 percent of production, while light and dark sun-cured leaf accounted for 47 percent and cigar-type leaf, 40 percent. By 1971, when total production reached 1.75 billion pounds, flue-cured leaf reached 59 percent of production while sun-cured dropped to 26 percent and cigar leaf, to 15 percent.

This shift in production is a result of the growing popularity of cigarettes made from light tobaccos. During the thirties an estimated 80 percent of China's tobacco was used in pipes, 15 percent in cigarettes, and 4 percent in snuff; now, over one-half is used in the 400 billion cigarettes produced annually.

In some recent years China has exported over 60 million pounds of flue-cured leaf, according to the limited available data. Exports are mostly low-quality, low-nicotine leaf which sells for an average of about 25 U.S. cents per pound. Major buyers are West Germany and Singapore.

However, the United States could become an importer of Chinese tobacco since the President decided to permit imports to enter the United States from China under a general license. Any U.S. tobacco imports from China will be subject to the tariff rates (35 cents per pound for unstemmed cigarette leaf) generally applicable to goods from most Communist countries. This compares with a U.S. tariff rate of 12.75 cents per pound on such flue-cured leaf imported from countries which receive the "most favored nation" (MFN) tariff treatment.

Japan, too, is investigating the possibilities of importing tobacco from Mainland China. A 3-man team went in early March to negotiate possible purchases of Chinese leaf. Japan may import as much as 40 tons of Chinese leaf during the next Japanese fiscal year. Longer-range purchases probably will depend on testing the initial purchases.

What are the prospects for U.S. exports of tobacco and tobacco products to the People's Republic of China?

The fact that China is now an exporter of tobacco does not mean that it will not also import tobacco. Many countries, including the United States, are both exporters and importers, largely because of differences in types and qualities of various tobaccos. These vary widely throughout the world, and most users prefer some blend of foreign and domestic tobacco.

At present, China imports small quantities of leaf tobacco and cigarettes from Albania. Government policy has emphasized exports in order to obtain the hard currency needed for the nation's further development. Such a policy discourages

imports of consumer items—including tobacco.

The extent of future U.S. tobacco shipments to China will depend on several factors:

- The priority China assigns to production or import of high quality cigarettes;
- The recognition accorded the People's Republic of China by official United States;
- The extent to which China may become eligible for U.S. Government trade programs;
- The status given China as an importer under U.S. law;
- The willingness of the U.S. Government to conduct two-way trade in tobacco with China.

Perhaps the most important factor for U.S. sales of tobacco to China will be the way in which China's leaders plan to spend the nation's hard currency. Per capita incomes are relatively low (US\$125) compared with those of many Western nations and, since the State is the only trading agency in the country, the Government will decide what goods will be imported.

If China does encourage imports of U.S. tobacco, the potential market will be influenced by at least two important factors. On one hand, imports from the United States will be limited because per capita income is low compared with that of most buyers of U.S. tobacco. On the other hand, China's 800 million people represent a vast potential market.

For example, current annual per capita consumption is about 2 pounds—compared with 7 to 8 pounds in the United States. Thus, even modest gains in per capita consumption would represent large quantities of tobacco. If Chinese consumption were to increase by one pound per capita, the increase in demand would exceed the total level of loan holding of U.S. flue-cured leaf (700 million pounds); if consumption were to increase by 1½ pounds per capita, this increase would exceed the loan holdings of U.S. cigarette leaf (1.1 billion pounds).

However, short-term U.S. exports of tobacco to China probably will be small and rise very gradually. It is not possible to put numbers on this market potential. In the long run the tobacco export potential will depend to a large extent upon the political, commercial, and financial policy of the Government of the People's Republic of China.

TOBACCO PRODUCTION IN
MAINLAND CHINA
(In millions of pounds)

Type	1937	1971
Sun-cured		
(light and dark)	611	455
Cigar types	520	260
Flue-cured	169	1,035
Total	1,300	1,750



Soviet General Secretary Brezhnev (l.), flanked by Minister of Agriculture Matskevich, talks via an interpreter with Secretary Butz, on whose right is U.S. Ambassador Jacob Beam.



Two Soviet youngsters smile at the Secretary.



The traditional bread and salt of hospitality marks reception at Simferopol in the Crimea.

Agriculture Secretary Earl Butz Reports on his MISSION TO THE USSR

This mission was vitally important for the United States as a nation, and for farmers in particular. I was invited to Russia by Soviet Minister of Agriculture V. V. Matskevich, who has twice visited the United States.

Our mission had two main purposes: To improve U.S. relations with Russia; and to explore the possibilities of U.S. grain trade with Russia.

Did we achieve our goals? I think we did.

The highlight of our journey was spending nearly an hour and a half with Soviet General Secretary Leonid Brezhnev. This was the first time that General Secretary Brezhnev had met in private discussion with an American representative since he took office in 1964.

Our unprecedented meeting with him,



Secretary Butz gets a warm welcome at the Friendship of Peoples collective farm in the Crimea.



Secretary Butz and Minister Matskevich continue an acquaintance begun in 1955.



U.S. delegation on left faces Soviet counterpart in Moscow.

as well as the cordial treatment accorded us by Minister Matskevich and the Russian people, helped open the way for more friendly relations between us and the Soviets. I mingled with the Russian people, made speeches where curious Russians gathered, and spoke to them about food, trade, peace, and prosperity. I was heartened by their warm and spontaneous applause. We were able to carefully plant the seed for potential sales of U.S. grain to Russia.

Most of our journey focused on Russian agriculture and trade in grains. Minister of Agriculture Matskevich escorted our party on a number of farm visits. We visited a cooperative farm, a State farm which included some processing facilities, and a cultural center on one of the farms. We saw the 150-

year-old Russian Botanical Gardens; a State farm just outside Moscow where they have more than 120 acres under glass in a very efficient, attractive, and obviously well-managed vegetable production plant; and a horse breeding farm near Moscow.

Although we could see only a small fraction of Soviet agriculture, the grain situation was fairly clear. Russia has had a hard, cold winter with little snow cover. There has been considerable winterkill of wheat, and lack of moisture. Both General Secretary Brezhnev and Minister Matskevich readily admitted this situation.

Russia now needs added grain because her people have a rising level of living and a rising level of expectations regarding animal protein in their diet.

Now that the Russian Government has acknowledged this as a goal, it makes it difficult if they do not follow through. That's why Russia will be in the market for grain.

I discussed the possibilities of grain trade in great detail with Minister Matskevich and with General Secretary Brezhnev. The greatest issue appears to be terms of credit.

U.S. export sales of grain are made by commercial trading firms, and it is not easy to substitute government credit for a commercial sale on our side to a State trading monopoly on the other side.

We have certain limitations imposed by the Congress on the rate of credit we can extend, and the length of credit

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Spain's Agriculture In the 1960's

By JAMES LOPEZ
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Spanish agriculture advanced significantly during the 1960's though its progress fell considerably behind other sectors of the economy. As a result, agriculture's share of gross national product declined from 40 percent in 1960 to 16 percent in 1970.

Spain's agricultural output increased an average of 3.5 percent per year during the 1960's, or about half the rate for the economy as a whole. Crop production increased only slightly between 1950 and the early 1960's. More recently, crop production has significantly improved. Since 1964, it has increased an average of 3 percent annually—led by grains, citrus, and other fruit and vegetables.

The livestock sector is the most dynamic part of Spanish agriculture. Since 1965, livestock production has increased an average of 8 percent per year, raising its contribution to agricultural output from about one-third in 1960 to two-fifths in 1970.

Much of the increase in livestock production is attributable to poultry and pork production. During the 1960's, poultry production increased nearly 23 times, and by 1970 it was up to 310,000 tons—one-fourth of total meat production. Over 7 million hogs were slaughtered in 1970—double the number in 1960—yielding 492,000 tons of pork.

Beef and veal production, which has been increasing at an average annual rate of 5 percent since 1960, reached

Based on an Economic Research Service Study, "The Agricultural Economy and Trade of Spain," (ERS-Foreign 327, U.S. Department of Agriculture, February 1972). Inquiries may be addressed to Economic Research Service, U.S. Department of Agriculture, Washington, D.C. 20250.



308,000 tons in 1970. In 1970, the number of cattle slaughtered totaled 1.6 million head, about one-third higher than in 1960.

Both egg and milk production have also increased rapidly since 1960. Production of eggs approached 300,000 tons in 1970, nearly twice the 1959 level. Production of cows' milk, excluding milk fed, rose from 2.1 million tons in 1960 to 3.7 million tons in 1970.

The Spanish farm sector has undergone drastic changes during the past decade. A large share of the surplus labor left the farms, resulting in a 1.3-million decline in the rural labor force, down to 3.3 million in 1969. As a result, agriculture's share in the labor force declined from 40 percent in 1960 to 25 percent in 1969.

More and better inputs, notably machinery and fertilizers, are being used on the farms. Tillage, sowing, and fertilizer operations are being increasingly mechanized. At present, there is about one tractor for every 10 farms. Fertilizer utilization has also experienced a sharp upward trend, partly the result of Government programs providing low-cost fertilizers for certain crops. Between 1960 and 1969, total use of fertilizers doubled to 1.3 million tons.

During the past decade, nearly 1.5 million acres were newly irrigated, and 1 million acres were improved, raising total irrigated area to 6.4 million acres. Plant and pest control in 1969 extended

over 7.4 million acres, compared with less than 2.5 million acres in 1960.

Improvements in agriculture are the result of several factors. Economic growth has created new job opportunities, providing an outlet for surplus rural labor. The labor force rose from 11.7 million in 1960 to 12.7 million in 1970. Rising incomes—which more than doubled during the 1960's—have created the demand and opportunity for greater agricultural production.

Government policy revisions, such as higher support prices and subsidies (nearly US\$1 billion in 1970), along with market improvements, have provided greater incentives to farmers to increase production. In addition, Spain's economic and development plans (1964-67 and 1968-71) have promoted agricultural development in recent years.

Despite significant progress, Spanish agriculture continues to face serious problems. Farms range in size from "latifundios" (large land holdings) to "minifundios" (small land holdings). Two-thirds of the 3 million farms in the 1962 census were less than 12 acres in size, and these covered an area of 7.0 million acres—or 7 percent of total agricultural area. At the other extreme, 1 percent of the total number of farms had 49 percent of all land on the farms.

The problem of fragmentation, particularly in central and northwest Spain, aggravates the situation. The average size of plots is 2.8 acres and there is an



*Left, a potato harvest in Málaga.
Center, an aerial view of terraced land
around the Cubillas River reservoir.
Above, a Government expert instructs
farmers on care of farm machinery.*

average of 14 plots per farm.

Other problems are low agricultural productivity, poor land utilization, and insufficient irrigation. Nearly two-fifths of the 49.1 million acres in cultivated area is still devoted to surplus crops of olives and wine. Soil resources in many parts of Spain have been depleted by erosion and centuries of outdated cultivation practices. Efficiency in livestock production is adversely affected by lack of improved breeds, high-yield animals, mechanization, and management.

Because of insufficient rainfall, irrigation is of primary importance to Spanish agriculture. Official sources estimate that between 40 and 45 percent of the gross value of crop production in Spain is obtained on irrigated land. Nevertheless, only 13 percent of the cultivated area is irrigated—and much of this is not year-round.

One of the major failings in Spain's agriculture is that it has not adjusted to the rapidly changing patterns of demand. Many production gains occurred in already surplus commodities, such as wheat, low-quality cotton, rice, and wine—while output remained insufficient in beef, dairy products, and feed.

With higher incomes, consumers are eating less wheat, pulses, potatoes, olive oil, and wine and more meat and dairy products. Per capita consumption of meat rose from an average of 50.7 pounds in 1960-64 to 99.2 pounds in

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Spain's Agriculture In the 1970's

The Third Economic and Development Plan sets some ambitious goals for Spain's agriculture in the coming decade.

By JAMES LOPES
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Spanish agriculture, which grew steadily during the 1960's, should continue to develop during the 1970's. Current agricultural programs suggest a continued increase in agricultural production and an overall improvement for the farm sector.

Spain has just adopted its Third Economic and Development Plan (1972-75), which sets a 3-percent annual growth rate in the value of agricultural production—somewhat higher than in the Second Development Plan (1968-

71). The Third Plan allocates 108.9 billion pesetas (US\$1.6 billion) in public investments to agriculture, or 12 percent of total public investments in the 4-year period. This is about equal to the projected share of agriculture's contribution to the GNP by 1975. In the Second Plan, agriculture was allocated \$1.4 billion in direct public investments, representing somewhat less than one-fifth of total public investments in the economy.

The primary goal of the Third Plan appears to be an increase in **irrigation facilities**, which were allocated about \$550 million—a third of the funds for agriculture. Irrigated area is to be increased by at least 250,000 acres, and existing irrigation on 225,000 acres is to be improved. In addition, major irrigation and reclamation projects on nearly a half-million acres are to be advanced for completion during the 1970's.

Production planning is a second major goal of the Third Plan. The objective is to reorient farmers' production patterns from wheat and other surplus production crops toward livestock and feed.

In order to increase self-sufficiency in beef and dairy products, which now require \$100 million in imports, the plan continues support for current programs providing for donation of selected beef and dairy cattle to farmers, expansion of forage and feed grain pro-



Collecting grain straw after threshing.

duction, and a system of gradually increasing price supports which encourage the slaughter of heavier cattle. In addition, the plan calls for the construction of 14 regional animal health centers and for a program of breeding improvements which should almost double the current calving rate.

Most other programs are associated with increasing agricultural productivity and market improvements. The plan allocates \$245 million to structural farm reforms and expects the number of farms to be halved during the 1970's to a total of 1.6 million by 1980. Agricultural extension services and soil conservation are also stressed in the plan. The marketing and processing program envisages the fostering of producers' associations and expansion of the processing establishments. In addition, the plan calls for the establishment of a National Citrus Plan and a nationwide plan for the expansion of rural electrification.

Other Goals. The average annual rate of GNP growth called for in the Third Plan is set at 7 percent, as compared with 5.5 percent in the Second Plan. Per capita income is expected to reach \$1,300 by 1975, as compared with the present \$900.

Value of exports in constant 1971 prices is to increase by an average of 10 percent annually; also, imports are to increase 11 percent annually. Total public investments in the economy are set at \$12.7 billion during the 4-year period, more than three-fourths above the Second Plan.

For the industrial sector, the plan projects an 8.5-percent annual increase. Labor productivity is planned to increase 5.6 percent a year, with a half-million increase in labor force—to 13.5 million by 1975.

Private consumption is expected to

increase in real terms by 5.3 percent annually, with expenditures on food as percentage of income declining from 35 percent in 1971 to 32 percent in 1975.

"Horizon 1980" The Third Economic and Development Plan speculates on the 1970's in a section termed "Horizon 1980."

By 1980, Spanish agriculture is expected to be mostly mechanized. In an effort to increase efficiency and productivity in agriculture, the plan visualizes a 60-percent increase in farm tractors and significant improvements in soils and conservation practices, and shifts in land use. About 2.5 million acres of agricultural land are to be shifted to pastures, forestry, and national parks.

Olive production is expected to be discontinued on 740,000 acres of marginal land, and 1.2 million acres currently in olive production are also to be used for livestock grazing. Other increases forecast for 1980 are as follows: Fodder crops, 1.7 million acres; oilseeds, 990,000 acres; and natural pastures, 740,000 acres.

By 1980, the agricultural labor force is projected at 2.9 million workers, representing 19 percent of total labor force.

The Government foresees significant changes in grain area, in order to correct the imbalances in surplus wheat and deficits in corn. The plan calls for nonirrigated wheat area to be reduced by 2 million acres, apparently from the 8.6 million acres in 1970. Assuming the irrigated wheat area would drop to about 490,000 acres (the goal set—but not attained—in the previous plan) total wheat area would be about 7.2 million acres.

Average wheat yields in the 1970's are not expected to greatly exceed current levels because the possible increase in yields (resulting from more and bet-

ter inputs and decreased planting of marginal land) will be offset by a decrease in irrigated wheat area with its higher yields. Assuming wheat yields rise about one-tenth above the 1968-70 average, to 21 bushels per acre, wheat production in 1980 would be about 4 million tons, just about equal to expected requirements.

The plan calls for a 740,000-acre increase in corn area to a total of about 2.2 million acres in 1980. Most of this increase is expected to take place on newly irrigated area and on irrigated land now producing surplus crops such as wheat, cotton, and rice. The dry land going out of wheat is marginal land, not suitable for corn; dry land, where rainfall is abundant enough for profitable corn growing, is not available.

Based on the 1960's increase in yields resulting from greater irrigated area, average corn yields in 1980 could be about 68 bushels per acre, or just about a third above current levels. This would imply corn production of about 4 million tons in 1980, or twice the level in 1971.

By 1980, Spanish agriculture is expected to provide most of the country's food and raw materials, though the size of the population to be fed (including tourists) is projected to increase by

THIRD DEVELOPMENT PLAN (1972-75)

Programs	Mil. U.S. dollars
Structural reforms and reforms of farm enterprises . . .	244.6
Social improvements and agricultural extension services .	86.3
Production planning	269.3
Marketing and processing	76.5
Rural planning, reforestation and conservation and rural electrification	125.0
Irrigation	552.0
National Institute of Land Reform and agricultural development .	194.9
Other	15.5
Total	1,564.1

Source: Third Economic and Development Plan, p. 257

about 12 percent. Projected per capita food consumption (1970 in parentheses) is as follows: meat, 115 pounds (99 lb.), with beef and veal increasing 50 percent; eggs, 33 pounds (24 lb.); milk, 220 pounds (187 lb.). The plan projects overall demand for wheat to continue to decline, while demand for rice, potatoes, and olive oil will increase by about 15 percent. An increase of 20 to 30 percent is anticipated in the demand for other agricultural products.

Implications for Agricultural Trade.

Assuming the anticipated goals for 1980 are met, the Spanish economy will be significantly different by 1980. Based on the projected population of 37.4 million

and per capita income of \$2,000 to \$2,100, real GNP in 1980 will be more than double the current level. For the industrial sector, the plan anticipates an 8-percent annual growth rate and the creation of 2.3 million jobs, raising total employment to 15.2 million by 1980. As incomes increase and employment rises, consumer demand for livestock products and other high quality foods will continue to rise.

Assuming the projected demand for food products in the plan, Spain's requirements of livestock products will be substantially higher. Expected requirements for 1980 (1970 in parentheses) are: Total meat, 1.95 million tons (1.53

mil. tons); beef and veal, 972,000 tons (418,000 tons); milk, 3.74 million tons (2.88 mil. tons); eggs, 561,000 tons (373,000 tons). In 1970, about one-fourth of meat requirements and a significant part of dairy requirements were met through imports—a total of \$102 million.

Should Spain strive for self-sufficiency in livestock products, requirements for animal feed would rise sharply. Spain has been self-sufficient in barley, and probably will continue to be, but corn imports have been high (roughly 2.0 million tons a year). Corn imports are expected to remain high during the decade of the 1970's.

Eastern Europe's 1972 Grain Crop Threatened

Extended drought over about half of Eastern Europe's agricultural land poses a threat to the region's winter and spring grains.

Hungary is the most extensively affected. Conditions are especially bad in the Great Plain Region, the country's major wheat area, where water retention qualities of the soil are poor.

The Vojvodina region, **Yugoslavia's** principal grain area, has had the driest 6-month period in the last 80 years. According to official Yugoslav estimates, lack of precipitation thus far has reduced wheat yields by 20 percent, or production by nearly 1 million tons.

Bulgaria had an unusually dry spring with little reserve from snow melt. Moreover, late March temperatures rose, increasing soil evaporation. The present level of available moisture is reported to be insufficient for proper development of the fall sown crops.

Similar conditions prevailed in **Romania's** Banat region.

East German officials characterize the water supply situation as "tense." February precipitation was only 5 percent of normal, following a lengthy dry period.

March rains benefited **Poland's** crops, but some areas were still dry at the end of the month.

Precipitation has been unseasonably low in much of Eastern Europe since fall 1971, when moisture reserves for winter grain were poor. Snow cover was

sparse, presenting the possibility for extensive grain winterkill. Only Romania reported significant winterkill, however.

Abundant rainfall in the very near future will be required for proper germination of corn, potatoes, and other spring-planted feed crops. Large livestock feed requirements together with prospects for a reduced 1972 grain crop would tend to keep 1972-73 grain imports of the northern countries—particularly Poland and East Germany—at the high level of the previous 2 years.

Among the southern countries, which are often exporters, supplies may be limited. Yugoslavia, with the prospect of a reduced grain crop, will probably be a net importer.

—By H. CHRISTINE COLLINS

Foreign Demand and Competition Division, Economic Research Service

Cotton Sales Teams To Promote U.S. Exports

Two U.S. cotton trade teams will visit several large markets in Western Europe and the Far East in May to promote sales of U.S. cotton. This is part of a drive to expand exports of cotton and other American farm products.

The two teams, sponsored by the U.S. Department of Agriculture in cooperation with Cotton Council International, will leave Washington, D.C. about May 11, and will return to the United States about May 30. One team will seek sales opportunities in the United Kingdom, France, the Netherlands, West Germany, and Italy. The other will visit Japan, Korea, Taiwan, and Hong Kong.

Collectively, these nine countries imported 9.8 million bales of cotton in 1970-71—over one-half of total world imports.

World Cotton Output Gain Weakens Prices

Recent upward revisions totaling about 1 million bales in the 1971-72 world cotton production estimate and hints of a larger than expected U.S. acreage for 1972 are apparently responsible for a steady weakening in world cotton prices.

U.S. spot prices and near-month futures are still holding because of the current scarcity of supply but new crop futures are currently 6 to 7 cents a pound below spot prices.

Recent upward revisions in 1971-72 foreign production estimates include

500,000 bales in India, 390,000 in Pakistan, and 150,000 in Brazil. Liverpool quotations dropped about 4 cents a pound during the last 2 weeks of March for Pakistan cotton and 3½ cents for Brazilian.

Adding to the downward pressure on futures prices are reports of intended 1972 acreage increases in foreign countries and private reports that the U.S. acreage may exceed the March "intentions to plant" estimate of 13.5 million. The March estimate is 1.1 million acres above the 1971 planted acreage.

CROPS AND MARKETS

DAIRY AND POULTRY

U.K. MIP's on Eggs Unchanged for 1972-73

According to the Minister of Agriculture of the United Kingdom, the minimum import prices (MIP) for eggs and egg products for marketing year 1972-73 (April-March) will remain at the same levels as during the previous year.

Minimum import prices (c.i.f. and duty-paid basis) for shell eggs vary according to the weight of the eggs in quantities of 120 pieces (10 dozen). Weight ranges and MIP's in U.S. equivalents are as follows:

Weight (Pounds per 120 eggs)	Nearest equiv. U.S. size	U.S. cents per doz.
Not over 11	Peewee	30.9
Over 11 but not over 12½ ...	Small	34.0
Over 12½ but not over 14 ...	Small to Medium	37.4
Over 14 but not over 15½ ...	Medium to Large	39.8
Over 15½ but not over 17 ...	Large to Extra Large .	43.2
Over 17	Extra Large to Jumbo.	46.3

For egg products, the MIP's are: Liquid and frozen whole eggs, 32.7 U.S. cents per pound; dried whole eggs, 105.1 cents per pound.

Minimum import prices were first established by the United Kingdom for eggs and egg products on March 31, 1970. This action was taken to protect British egg producers from low-priced imports following the replacement of the former British Egg Marketing Board by a new Eggs Authority.

TOBACCO

West Germany To Halt TV Cigarette Advertising

Cigarettes will no longer be advertised on West German television after 1972, according to a recent article in a German newspaper. The article stated that the Federal Minister of Economics and Finance has sanctioned this self-restraint on the part of the German cigarette industry in accordance with terms of a law which permits him to restrain competition if it is in the interest of the public or the country's general economic situation.

In discontinuing its TV advertising program, the cigarette industry acted in response to a demand from the Federal Minister of Youth, Family, and Health.

Ontario Tobacco Board Seeks To Up Exports of Flue-Cured Leaf

The Ontario Flue-Cured Tobacco Growers Marketing Board is making what officials of the organization have called

unprecedented efforts to encourage worldwide exports of Canadian tobacco.

The Board has already sent two trade missions to Europe and Africa to promote tobacco sales. The groups have—or will—visit Italy, Austria, Libya, Holland, Belgium, the Scandinavian countries, and the United Kingdom.

In addition, Canadian trade commissioners in overseas countries have been asked to promote the sale of Canadian tobacco. In 1971, exports of Canadian flue-cured tobacco reached a record 80 million pounds (green weight) partly as a result of similar sales efforts.

FRUITS, NUTS, AND VEGETABLES

Taiwan To Boost Mushroom Exports By 1 Million Cases in 1972

Taiwan's 1971-72 mushroom season ended recently and canners have met production allocations which will enable exports in 1972 to soar 1 million cases above the 1971 total. Estimates have not been completed, but output and exports are expected to reach about 4 million standard cases.

Yields of mushrooms in Taiwan have reached new highs because producers have almost universally adopted improved cultural techniques, including the practice of lining mushroom sheds with plastic sheeting. This helps to create an environment in which mushrooms thrive.

New regulations to encourage production of higher quality mushrooms through quality incentives and penalties have also been issued. Under this program, export allocations will be reduced for canners whose packing operations are graded low by various Government agencies. Those receiving a high grade will be given a larger export allocation.

Export shipments of Taiwanese mushrooms to the United States in 1972 are expected to reach 1.25 million standard cases. In 1971, slightly more than 1.02 million cases of mushrooms were shipped to this country from Taiwan.

Canada, West Germany, Italy, Austria, and Sweden are also expected to be major markets for Taiwanese mushrooms.

Venezuela To Form National Fruit Committee

The Ministry of Agriculture has announced that it will soon create a National Committee on Fruit to handle production, commercialization, marketing, importation, and exportation of fruit.

This committee appears to have been planned as a direct result of strong pressure applied by fruit producers who are concerned that they cannot place all their production if imports are permitted to come into the country. Some of the strongest pressure has come from the producers of the local

variety of peach—a small fruit which is almost entirely stone. Local processors must import large peaches to can—a fact that makes producers of the local type unhappy. The producers think that if they can close the borders to the better-accepted imported variety, canners will be forced to take the local peach for canning.

Japanese Imports of Oranges And Grapefruit from Israel

Japan will allow imports of oranges and grapefruit from Israel this year—possibly as early as May. In the past, Mediterranean citrus imports were prohibited by Japanese quarantine officials because of the presence of the fruit fly in these areas.

Imports of oranges into Japan are controlled by a quota which is scheduled to be increased later this year from 8,800 tons to 12,000 tons. In 1971, orange imports totaled 6,896 tons—4,823 from the United States and 2,073 from South Africa.

Imports of grapefruits into Japan were removed from quota restrictions last June. Grapefruit imports in 1971 totaled 11,350 tons—10,883 from the United States and the rest from South Africa, Ecuador, and Mexico.

LIVESTOCK AND MEAT PRODUCTS

Canadian Hog Numbers Are Down in 1972

Canadian hog numbers as of March 1, 1972, were estimated at 7 million head—down 5 percent from last year's record high. Sows and gilts were off 8 percent and totaled 747,800 head. Farrowings from December 1, 1971, to March 1, 1972, are estimated at 314,200 head, a 7-percent decline from last year. Farmers' reports indicate that the number of sows expected to farrow from March 1, 1972, to June 1, 1972, will be down 7 percent and total 362,200 head.

The year 1971 was a record one for Canadian hog numbers, pork production, and exports. Pork production reached 1.5 billion pounds which pushed prices down to the lowest levels since 1960. Low pork prices encouraged consumers to eat more pork, and consumption in Canada soared to about 60 pounds per person from 55.3 pounds in 1970.

Canadian pork exports totaled 95.2 million pounds, the highest level since 1948. Canada supplies virtually all of U.S. imports of fresh pork and live hogs. These were at record highs in 1971 (62 million pounds and 77,500 head). In addition, Canada exported 20 million pounds of pork to Japan.

SUGAR AND TROPICAL PRODUCTS

Rhodesian Government Puts Coffee Under Controls

Beginning May 1, all coffee produced in Rhodesia became a controlled product. As a result, no coffee may be sold by producers except through the Grain Marketing Board under

provisions of the Grain Marketing Act.

A spokesman for the Agricultural Marketing Authority said that in November 1971, the Coffee Growers Association had requested the Minister of Agriculture to bring coffee under legislative control. At that time the Government appointed the Grain Marketing Board as its agent to dispose of the unsold balance of the 1971 harvest.

Under the new edict, coffee may be sold only to the Grain Marketing Board, including any coffee from the 1971 harvest that growers have not yet offered to the Board in its previous capacity as the Government's agent.

The spokesman said that the Grain Marketing Board will advise growers individually of its requirements for deliveries of the 1972 crop and regulations governing delivery.

GRAINS, FEEDS, PULSES, AND SEEDS

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	May 3	Change from previous week	A year ago
	<i>Dol. per bu.</i>	<i>Cents per bu.</i>	<i>Dol. per bu.</i>
Wheat:			
Canadian No. 1 CWRS-14 ..	1.98	-1	¹ 1.93
USSR SKS-14	1.88	+2	1.91
Australian FAQ	(²)	(²)	1.83
U.S. No. 2 Dark Northern Spring:			
14 percent	1.90	+1	1.93
15 percent	1.98	0	1.98
U.S. No. 2 Hard Winter:			
13.5 percent	1.81	-1	1.91
No. 3 Hard Amber Durum ..	1.84	0	1.82
Argentine	(²)	(²)	(²)
U.S. No. 2 Soft Red Winter ..	(²)	(²)	1.76
Feedgrains:			
U.S. No. 3 Yellow corn	1.47	0	1.65
Argentine Plate corn	1.74	0	1.68
U.S. No. 2 sorghum	1.48	-2	1.46
Argentine-Granifero sorghum	1.50	0	1.42
U.S. No. 3 Feed barley	1.21	+2	1.27
Soybeans:			
U.S. No. 2 Yellow	3.72	(²)	3.25
EC import levies:			
Wheat ³	⁴ 1.70	+3	1.52
Corn ⁵	⁴ 1.08	-2	.89
Sorghum ⁶	⁴ 1.07	-1	1.02

¹ Manitoba No. 2. ² Not quoted. ³ Durum has a separate levy.

⁴ Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. ⁵ Until Aug. 1, 1972, Italian levies are 19 cents a bu. lower than those of other EC countries. Note: Basis—30- to 60-day delivery.

Thailand Considers Long-Term Corn Contract With Russia

The Thai Maize and Produce Exporters Association has made a proposal to the National Executive Council to initiate a long-term corn contract with the USSR similar to the one Thailand has with Japan and Taiwan. Japan and Taiwan usually buy about 80 percent of Thailand's corn exports with the remainder going to Malaysia and Singapore.



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FOREIGN AGRICULTURE

Agriculture Secretary Butz in the USSR

(Continued from page 5)

terms. Our maximum term as set by the Congress is 3 years, and the allowable interest rate is the going rate, now $6\frac{1}{8}$ percent.

The volume of any grain sale is still a major item in the negotiations. It might well be that we will be negotiating for annual sales of something in excess of \$200 million worth of coarse grains and soybeans. This is based upon our best calculations—and frank discussions with General Secretary Brezhnev and Minister Matskevich—of the amount of grain Russia will need to boost her meat supply enough to keep the commitment made to the Russian people.

We fully understand that trade on a long-term basis has to be two-way trade. In that connection, we discussed the current explorations taking place on development of the substantial natural gas and petroleum reserves in northern Russia which represent items the United States will need in 10 years. The continental United States is now virtually doubling its energy requirements every 10 years, and by the latter half of the 1970's will be desperately in need of energy.

General Secretary Brezhnev indicated

that he would also like to develop a list of consumer commodities for which we might consider trading.

I have assured the Russians that they are absolutely safe in building up their livestock population based on a continuing supply of coarse grains and soybeans from the United States. We have 70 million acres in reserve now that has been taken out of production that we can put back in as needed. We produce corn and soybeans efficiently; we are truly the world's breadbasket in the Corn Belt and Great Plains areas. We have the world's largest contiguous area of fertile soil, adequate rainfall, good growing season, well-capitalized farms, and well managed farms. We have the capacity to meet our end of a long-term grain trade agreement with the Russians.

It all boils down to this. The expectations of the Russian people are rising. Part of that is eating better—which means they want meat. It takes grain to produce meat. Russia has a shortage of grain and protein. We have the coarse grains. We have the soybeans. They know we have them. So, I am confident that, sometime, we are going to be trading on a substantial basis.

Spain in the 1960's

(Continued from page 7)

1970. Yet, Spain continues to produce a surplus of those products in decreasing demand, and has to import well over \$250 million worth of meat, dairy products, fats and oils, and feed grains—mainly corn.

Because farmers have not increased or adjusted domestic production to meet changing demand, the cost of living has risen and agricultural imports have increased sharply. Agricultural imports totaled \$851 million in 1970. Agricultural exports have not risen as rapidly as imports since 1961, resulting in agricultural trade deficits as large as \$272 million in 1969 (but about \$100 million in 1970). These have adversely affected the balance of payments. Spain's major exports are fruit and vegetables—about 60 percent of total value of farm exports—and wine, olive oil, and rice.

The United States is a significant trading partner of Spain. In recent years the United States provided roughly \$200 million in farm products each year, or one-fourth of total agricultural imports, mainly soybeans and feedgrains—primarily corn. In 1970, the U.S. bought \$73 million of Spanish farm products—mainly olives, wine, olive oil, and spices.